



OFFICE OF THE
Auditor General
of British Columbia

Service Plan
2003/04–2005/06

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vision

Making a difference for the people of British Columbia by contributing to accountable and well-performing government

mission

To serve the Legislative Assembly and the people of British Columbia by providing independent assessments and advice that enhance government accountability and performance

values

As we pursue our corporate goals, we are committed to:

Excellence

We strive to meet the highest standards of service, professionalism, integrity and independence.

We are committed to being efficient and effective in our operations, and to promoting creativity, innovation and responsible risk-taking in our work.

We seek to maintain a relationship of mutual respect and trust with those we serve, and willingly share our experience and expertise.

Our people

We value the unique contribution and talents each individual adds to our Office and community.

We strive to manage on the basis of fairness, equity, honesty, mutual respect, trust and personal dignity. As our success is dependent on working together, we promote a spirit of cooperation and teamwork throughout our organization.

We are committed to the concept of personal and professional development and support quality-of-life endeavours.



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of British Columbia

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The Honourable Claude Richmond
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of
British Columbia my Service Plan, 2003/04 – 2005/06.

Wayne Strelloff

Wayne Strelloff, CA
Auditor General

Victoria, British Columbia
February 2003

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly

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Auditor General



"Legislators have recognized the importance of receiving independent assurances and advice on government accountability and performance by making one of their priorities the support of the role and work of my Office."

to table my Service Plan for 2003/04 to 2005/06. The plan work program and intended use of available resources for the years, focusing on the first year 2003/04. The mission of our office is to provide legislators with the assurances and advice they need to ensure rigorous and objective public scrutiny of government performance. This is fundamental to maintaining public trust and confidence in the institutions of government.

In a time of great change in British Columbia, with the government continuing to significantly alter what it does and the programs it funds, government accountability and performance are monitored and reported on. For instance, the delegation of authority to regional authorities and the use of means of monitoring program results and ensuring funds are used appropriately. Such means have yet to be fully implemented or fully effective.

This also implies relaxed central controls and a shift in emphasis from process to results. While managing for results and managerial empowerment is needed to improve overall performance in the long run, it also increases the risks in the use of public funds. Sound accountability is required in order for this transition to be effective—yet the development of new systems to support these accountability relationships is needed during times of change.

As noted in previous reports, this combination of circumstances creates an environment where financial resources and the achievement of the government may be put at risk and mechanisms to ensure accountability may be inadequate.

The capacity of the public service is also being reduced, and this is affecting the government's capacity to deal with significant change. Alternative service arrangements, such as contracting out and public-private

Auditor General

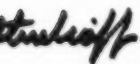
s, require managers to have new skills to deal with new risks
tor whether public policy goals are being achieved efficiently.
nclear whether necessary skill sets are in place to deal with
hallenges.

ment has renewed its emphasis on public accountability. While
is commitment, the reality is that fiscal pressures are making
or organizations to create meaningful accountability reports.
ments are intended to reinforce public confidence in government's
, but the opposite may be achieved if the information in them
e, incomplete or in any other way suspect.

ro prior fiscal years, legislators approved increases in the
my Office to help stop the erosion of our capacity, and to
vel of coverage and services that I believe are necessary to
y mandate. For the coming fiscal year, however the funding
e has been reduced by 5%. I was disappointed that the Finance
ment Services Committee did not grant fully my funding
impact of this reduction is that I will not be able to carry out
elieve necessary. Given the significant risks imposed by the
changes I have just described, combined with the unusual
of the Legislature, this is not, in my view, the appropriate
educing the amount of audit oversight.

ear's Service Plan, we have begun to incorporate the key
eing established for good public performance reporting
British Columbia. My intention is to apply these principles
est extent possible in my 2003/04 Annual Report. This
also marks the introduction of the "Balanced Scorecard"
ization. My intention is to strengthen our managing-for-
re throughout the Office to "walk the talk."

fiscal 2003/04 is shaping up to be another challenging year for
clearly, there is much work to be done in providing assessments
on government accountability and performance.



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About Our Office

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well-performing government.

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stability and performance.

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ing for Better Public Sector ntability and Performance

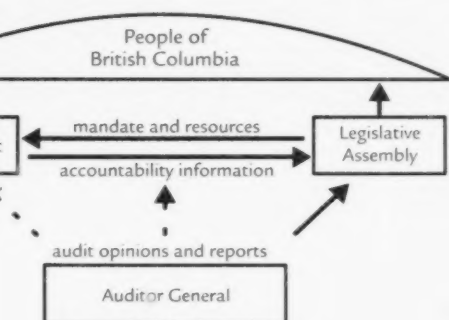
's primary purpose is to contribute to improved performance in the British Columbia public service. This is by providing independent audit services and the Legislative Assembly and the public.

eral provides a critical link in the chain of public accountability that is both unique and vital to the democratic governance of the government. Accountability is a relationship between the public and the government. In the case of government, the contract is between the public and those who have been elected to govern: the public gives the government the responsibility to govern and manage public resources, and the government is accountable to the public through the Legislative Assembly for its performance. This concept is fundamental to our role. It establishes the right of all citizens to know what the government is doing and how well it has met its goals.

Under the authority of the Auditor General Act, our Office is responsible for auditing most of government, including its ministries, agencies, and other organizations. In exercising this responsibility, we must stay attentive to the needs, expectations and interests of the Legislature and the Public. At the same time, we remain aware of the needs and expectations of public service organizations. Our goal is to provide sound and practical advice and assistance for administrative improvement.

We provide assurance to the Legislature on matters relating to the financial practices within the public sector, as well as offering advice on improving future public sector performance.

plays a key role in ensuring public sector accountability



The Auditor General's Office conducts audits of government departments, providers, and public corporations in the Legislative Assembly.

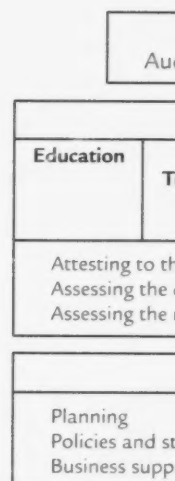
Our Office works closely with professional organizations, including information technology, health sciences, health services, and the environment.

We have organized our work in the public sector focuses on a number of approximately 10 key areas. We have resources to conduct audits and taking on new projects that need to be addressed.

A sixth sector is responsible for staff support.

Our mandate is to ensure that all that this entails. Health care and social services are the object of much of our work in these areas. The Auditor General's Office also has a role in natural resource management and social services.

Operations structure



Structure of Our Office

supported by more than 90 staff who plan and work undertaken by external audit service or reports for tabling by the Auditor General

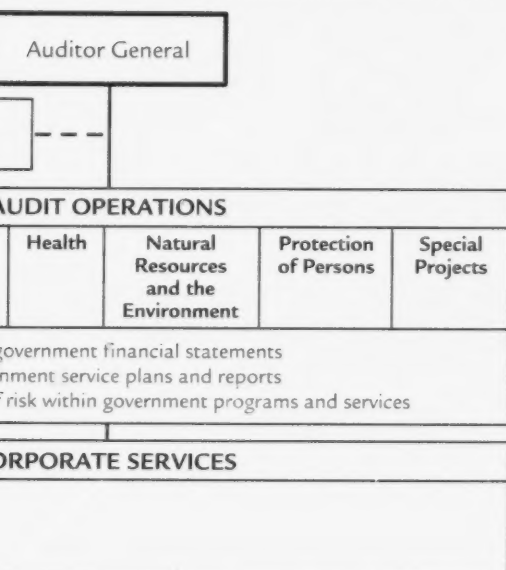
staff who are highly trained university graduates in accounting and auditing, business, program evaluation, social and environmental

audit operations into five sectors. Each area of government operations, and receives resource allocation as the other sectors. We also special projects, which includes researching on emerging issues and other matters that

Services, ensures that the Office has strong

all of government and its operations. Covering emerging prospect given our limited resources. consume considerable public resources, and are As a result, two of our sectors focus solely on three sectors focus on finance and transportation, environment, and the protection of persons (justice

Office of the Auditor General of British Columbia



Our Goals and Objectives

Goal 1

Legislators and the public receive the best information possible for assessing the performance of government.

Objective:

Legislators and the public receive relevant, reliable and understandable information about the planned and actual results of government and about how well government is managing the key risks it faces in achieving its planned results.

Goal 2

We are an exemplary organization that serves the Legislative Assembly and the public.

Objectives:

Our audit approach reflects best practices.

Our performance improves continuously.

We have the organizational capacity to complete our work.

Providing Assessments and Advice

The Office provides **assessments** by reporting to the Legislative Assembly on:

- our detailed examination of the Province's finances;
- the results of annual financial statement audits;
- reviews of the performance reports of government;
- major program audit studies completed during the year;
- other planned studies on specific issues across key sectors of government;
- investigations felt to be warranted following inquiries directed to the Office by Members of the Legislative Assembly and the general public; and,
- any other matters considered by the Office to merit investigation.

Flowing from the conduct of these assessments and audits, the Office provides **advice** both formally and informally, to:

- Members and select committees of the Legislative Assembly;
- the public of British Columbia;
- Cabinet;
- government and government organizations; and
- related professional bodies such as the Canadian Institute of Chartered Accountants and other standard-setting organizations.

The Funding, Planning and Reporting Cycle

Each year, as a core part of their business, our audit sector teams obtain and process a large amount of information about international, national and local developments and changes in public sector practices. This environmental scan ensures that the focus of our audits adequately reflects shifts in public sector strategies and operations, including changes in the direction of government policy. Our strategic business planning process also provides a framework against which we can progressively monitor and measure the achievement of our goals.

The result of this exercise is confirmation of—or, if necessary, amendment to—our three-year corporate goals and strategic priorities. Two streams of strategic information flow from this process:

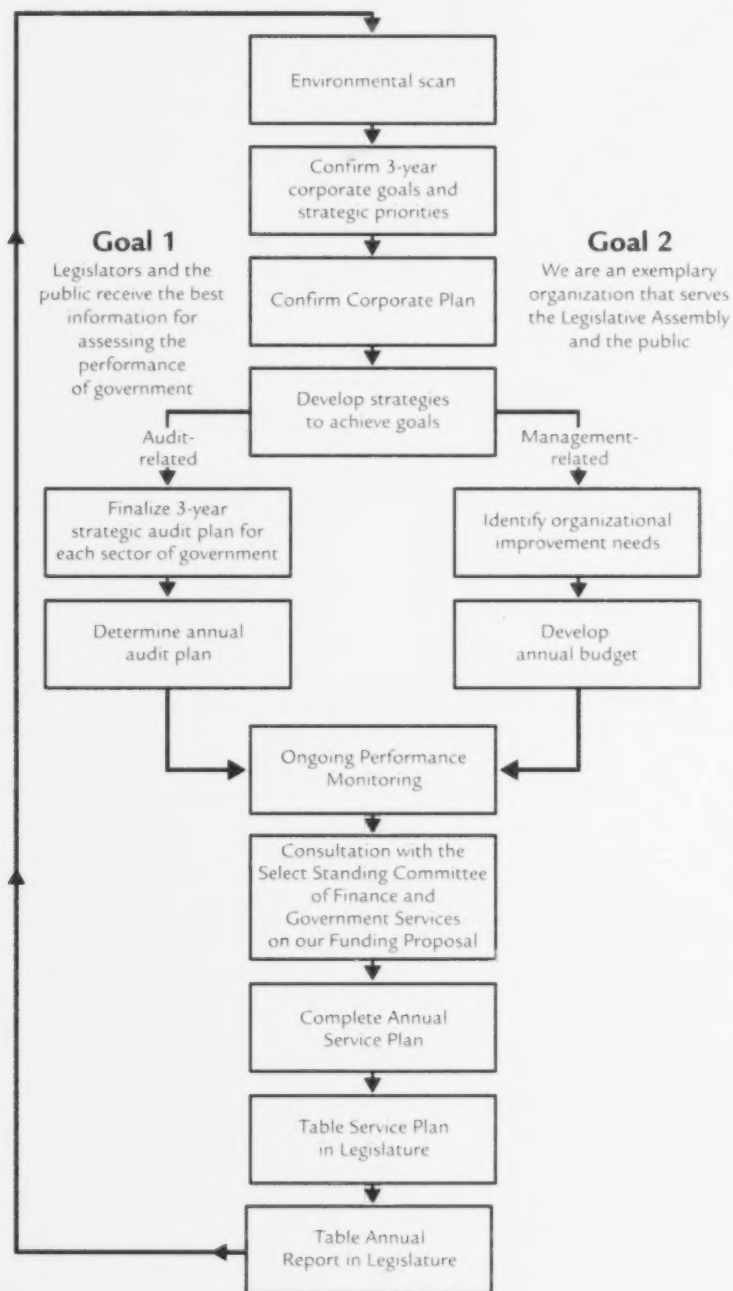
- the development of a revised three-year strategic audit plan for each sector; and
- the identification of any organizational issues warranting improvement action.

This analysis leads to a proposed work plan for the coming years. Our Strategic Direction and Funding Proposal is submitted to the Select Standing Committee on Finance and Government Services (the F&GS Committee) in November each year, outlining the proposed work plan and related costs.

The annual Service Plan incorporates the F&GS Committee's recommendations, confirms our strategic direction and priorities, and outlines in general terms the work program for the next three years. The Annual Report, tabled at the end of June each year, completes this cycle by providing information about the Office's performance for the year, assessed against the Service Plan.

The Funding, Planning and Reporting Cycle

The Office's funding, planning and reporting cycle



Our Lines of Business

We have three main lines of business:

1. Attesting to the reliability of government financial statements—about 40% of our audit resources

We feel it is important to conduct direct assessments of government and public sector financial statements. Our broad strategy over the next 3 years is to ensure we devote about 40% of our efforts to these assessments. The assessments include the critical responsibility of examining and reporting on the government's overall summary financial statements. These statements are to provide an accounting of the full nature and extent of the financial affairs and resources for which the government is responsible. These assessments also include examining and reporting on the financial statements of individual government organizations. Although we recognize that private sector audit firms have the capacity to carry out financial statement audits of public bodies, we have an overarching responsibility to advise the Legislative Assembly about whether the audit of financial statements across government serves its best interests and is operating efficiently and effectively. To carry out an effective oversight role, we need to perform some audits across all sectors of government to keep in touch with significant issues, maintain our knowledge of government entities, and identify key risk areas.

Given our limited resources, we need to perform our financial audits on a cyclical basis. For example, our strategy for most financial audits is to retain them for a 3 to 5 year period, then release them to the private sector through a competitive bid process, picking up new ones at the same time. This allows us to cover all of government over time, and is consistent with emerging auditing standards around professional practice management.

When selecting new financial audits, we consider the overall mix across sectors, the audit size, how the work will be done (i.e. using our own staff or through contracted auditors), the risk and consequences of error, and the length of time since we last audited the entity.

We also need to maintain our capacity to conduct our direct financial attest audit work. One way we do this is by maintaining a strong base of students-in-accounts, which when combined with our complement of accounting professionals, allows us to maintain our continuity across all sectors of government. Although many of our students move to the public sector once they have received their professional designations, we feel that this is a secondary positive impact of our work, since government as a whole benefits.

Our Lines of Business

2. Assessing the quality of government service plan reports – about 10% of our audit resources

Government and legislators in British Columbia are committed to public performance reporting. The Budget Transparency and Accountability Act—one of the few of its kind in Canada—requires government and government organizations to report publicly on their performance.

Legislation does not guarantee meaningful public reporting and accountability. Reporting publicly on government performance in a comprehensive and credible way will be neither easily nor quickly achieved. However, while government's annual reports initially may be incomplete, government is expected to build on its experience to make meaningful public performance reporting a reality.

Providing assessments of government service plan reports is a relatively new line of business for our Office. Our ability to expand this new business area will be dependant on the ability of government organizations to improve their quality of performance reporting over time, as well as the ability of the Office to get the necessary funding to perform such work, either through additional appropriations, by billing entities directly for this work, or by reallocating resources from other lines of business. We believe that this line of business will comprise up to 20% of our resource utilization by the end of fiscal year 2004/05.

3. Examining how government manages its key risks – about 50% of our audit resources

Another aspect of our business is providing legislators with assessments of how well government is managing its key risks in delivering programs, services and projects, and whether government has complied with legislation governing its activities and conduct of business.

Our focus over the next few years in this line of business will include the health and education sectors, the regionalization and outsourcing of service delivery, large capital projects, complex mission-critical information systems, and government's progress towards sustainability. We do not limit our attention to just the expenditure side of the ledger when examining these risks. We also consider the revenue side of the equation, as well as the risks to balance sheet areas of the Province in examining how government manages its key risks. In selecting topics for review, we also consider their risk characteristics, impact, auditability, financial significance, and interest to legislators and the public.

Responding to Our Environment

A challenging period of change continues

Government continues to change significantly what it does and how it delivers programs. As we have noted in previous reports, this change is occurring at a time of difficult financial pressures, economic uncertainty, and unusual political party representation within the Legislative Assembly. Earning public confidence therefore requires legislators to demonstrate rigorous and objective scrutiny of the performance of government.

Any organization undertaking significant change is open to numerous risks that need to be managed and mitigated. This is certainly the case with the provincial government. For instance, as it moves to manage for results as a way of improving performance, it is having to relax central controls over resource use—effectively allowing managers to manage for results in exchange for improved accountability information.

The government is also reducing the size of the public service. This is affecting management capacity to deal with significant change. Alternative service delivery arrangements such as contracting out and public/private partnerships (P3's) require managers to have new skills to deal with new risks and to monitor whether public policy goals are achieved efficiently.

During a period of change, organizations also risk being less effective while staff adapt to new roles and responsibilities. Also, meaningful scrutiny of performance can be more difficult because roles and responsibilities are in flux and new service delivery priorities and standards are not yet determined and in place.

And when significant change is occurring during a period of financial pressure and economic uncertainty, organizations often respond by making decisions quickly with greater speed and, at times, with less care to detail than would normally happen.

In light of all these risks, it is more important than ever that we be able to carry out our job of ensuring the effective and responsible delivery of essential public services.

The new accountability framework has much potential

Legislators are demanding the means for a more meaningful and rigorous public scrutiny of government performance. To facilitate the process, they have put in place a new accountability framework.

The framework directs government:

- Publish, before the fiscal year begins, its overall financial plan and three-year service plans for each of its organizations;
- Publish, after the fiscal year is over, annual service plan performance reports in a timely manner;

Responding to Our Environment

Adopt generally accepted accounting principles; and
Focus this essential accountability information on results achieved in relation to objectives and costs, and in terms of key performance indicators and targets.

In the past year, progress has been achieved on each element of this framework. As well, legislators, in recognizing the importance of giving independent assurance and advice on government accountability performance, have made it a priority to support the role and work of Auditor General.

This support includes:

- encouraging modernization of the Auditor General's responsibilities as set out in the Auditor General Act (revisions are likely to be proposed this spring);
- taking a more direct role in discussing the Office's strategic direction and priorities and in recommending a funding appropriation to government; and
- encouraging government to use and report new forms of performance information, and working with our Office to provide new forms of independent audit assurance on that information.

Although the Office's current capacity has been diminished, our strategic vision and priorities will continue to be directed at helping to ensure the success of the new framework is realized.

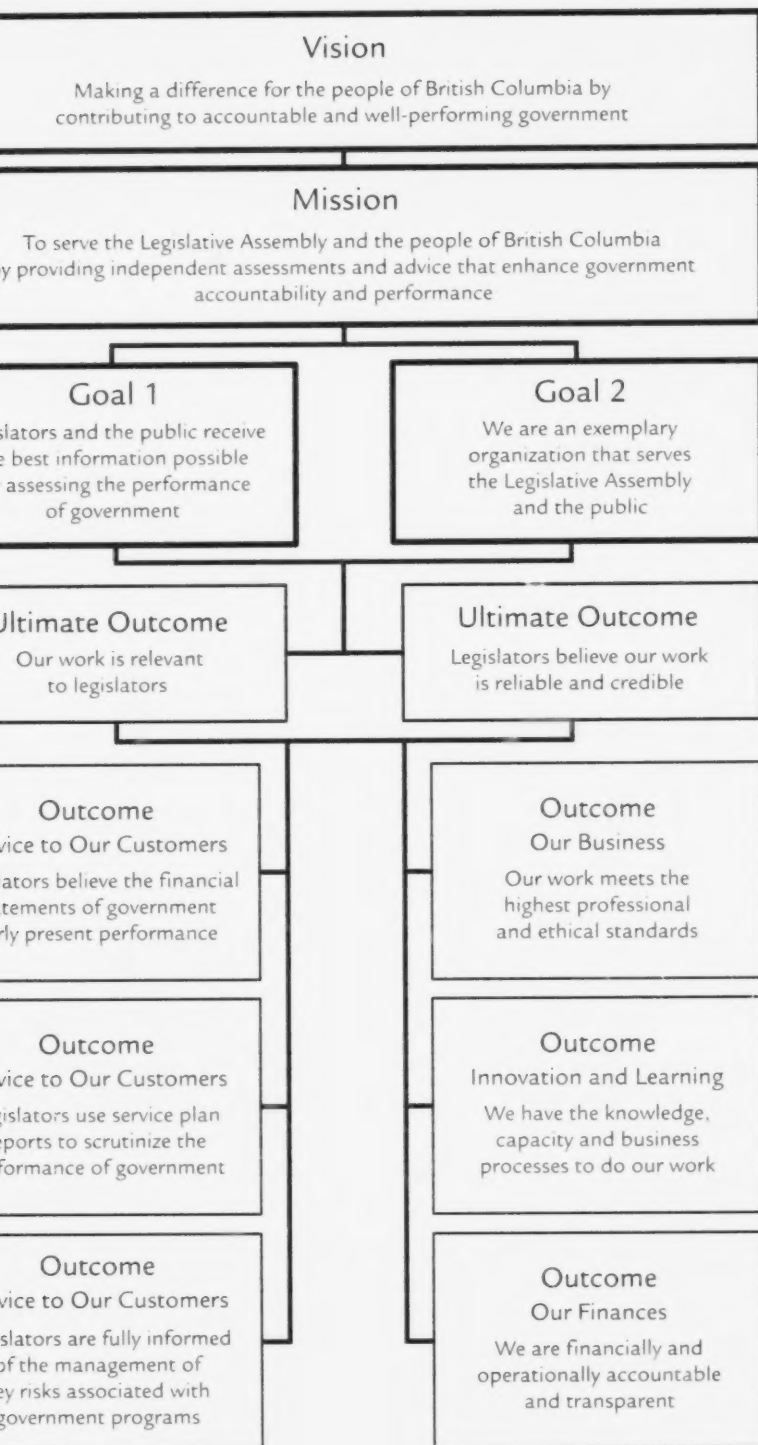
The need for our traditional services remains strong

The new accountability framework, when fully implemented, offers a promise in leading to better decision-making, improved public sector performance and enhanced public confidence in government administration. Nonetheless, the need for our traditional assurance services remains strong.

Recent North American business failures have shaken public confidence in financial reporting and auditing. To restore that confidence, the accounting and auditing professions and others have moved to strengthen the rules that guide those who prepare financial statements and those who audit them. The quality control processes that apply to the audit profession are being strengthened.

Because we believe credible financial reporting is a cornerstone of public confidence in the institutions of government, we are proactively reviewing these proposed new rules before we are obliged to. The higher standards embodied in these rules will very likely increase audit costs throughout the profession. This situation will no doubt affect our Office as well, and will just have to be accepted as the new cost of doing business.

Auditor General Performance Reporting Framework



Auditor General Performance Reporting Framework

on the facing page outlines the linkages between our strategies
orted performance. The vision outlines the difference we hope
the people of British Columbia, contributing to accountable
performing government. We do this through our mission:
ndependent assessment and advice that enhance government
ity and performance.

work to enhance government accountability and performance,
relevant to decision-makers and be seen to be reliable and credible.
ur ultimate, long-term outcomes. For each of our goals, we
e value of our contributions as perceived by the information
bers of the Legislative Assembly.

Goal 1, we have also identified three outcomes for service to our
one for each of our lines of business.

to the reliability of government financial statements

our most mature line of business. Government has a significant
ensure financial performance is fairly presented, as evidenced
ed financial statement audit opinions. In general, we have
rnmment financial statements to have been fairly presented.
tly, we measure whether legislators are satisfied with
financial statement disclosure and with perceptions of our
n fair presentation.

he quality of government service plan reports

our newest line of business. Government is working to improve
of its reporting on overall performance, but considerable
nt is still needed. Legislators are only beginning to use service
s to scrutinize government performance. We believe it is too
asure the extent to which legislators use service plan reports to
government performance, but in the interim we are measuring
ions of legislators and audited organizations on our influence
ensive performance reporting.

how government manages its key risks

slators to be informed about the management of key risks
with government programs, our audit topics must be relevant
ports informative and timely. We measure each of these aspects.
ck the rate of acceptance of our recommendations by the Public
ommittee as a measure of the usefulness of our work.

Auditor General Performance Reporting Framework

We have identified three outcomes that are key to the credibility of our work.

Our work must meet the highest professional and ethical standards, measured by the percentage of audits meeting practice standards. We also track the on-time and on-budget rate for audit projects.

Learning: We must have the knowledge, capacity and resources to do our work. Key to this is ensuring there is a match between resources and skill demands, as well as an engaged workforce.

We must be, and be seen to be, financially and operationally transparent. We track the relative allocation of resources to audit and support activities, and the charge-out rate of the

The Balance

We have focused on the balance around financial and operational innovation, and the perspective of the public.

Objectives

Each of the three outcomes represents a set of goals and priorities. The achievement of these goals is measured by the Office of the Auditor General.

Most of the work of the Office of the Auditor General is done in partnership with the public.

A Note on the Framework

Most of the work of the Office of the Auditor General is done in partnership with the public. Consequently, the framework is based on the experience of the public.

We are committed to the measurement and accumulation of data that will provide a firm foundation for the development of inspiring and innovative solutions.

Our Performance Plan

Scorecard

and measurement of the achievement of our goals
ives: service to our customers, our business,
uous learning, and our finances. Together, these
ts a "Balanced Scorecard" of the Office's performance.

Strategies

perspectives is supported by objectives. Objectives
t of our goals and are the first step in making the
ectives are in turn supported by strategies. Strategies
he Office will take in achieving its goals and objectives.
ach strategy is supported by at least one performance
ance of each measure and how it relates to achieving
explained.

ives, strategies and measures are interrelated. Key
lighted throughout.

Targets

ures identified in this Service Plan are new.

gets identified in the plan are, for the most part,
es of challenging but attainable performance. The
gfulness of our targets will improve as we gain
ese measures.

ify specific, numeric targets for our performance
nizations have started with more general, less
r chosen not to identify targets at all until they have
nce in measuring their performance. It is our belief
ide the best basis for moving forward and, ultimately,
performance.

Goal 1

Legislators
and the
public
receive the
best
information
possible
for assessing
the
performance
of
government

Our Performance Plan

Users: Legislators and the public receive relevant, credible information about the planned and actual performance and about how well government is managing the achievement of its planned results.

In addition, our work consists of three main lines of work: government's financial statements, assessments of government service plan reports, and the audit of significant risks management and delivery of government programs. Measures under the first three objectives address key government activities. The fourth objective represents the assurance—that it meets the needs of legislators and is credible.

Financial statements of government fairly present performance

Measure	Targets for fiscal years ending March 31, 2004, 2005 and 2006	Explanation
Legislators believe the financial statements of government fairly present performance	80%, 85, 90	Through the assessments and advice we provide, legislators and the public are assisted in understanding the extent to which the financial statements of government fairly present financial performance. Ultimately, the outcomes we desire are that government's financial statements fairly present financial performance, and that legislators have faith they are receiving complete and accurate information about government's financial performance. The Auditor General is just beginning to canvas legislators, so the 80% baseline is only an estimate, and is also the case for other measures of legislators' perceptions of our work.
Accounts and other financial statements of the Legislative Assembly give that our work improves the reliability of financial statements	80%, 85, 90	This shows the belief that, over time, the work we do with government, and with standard-setting bodies on the national level, improves the reliability of financial statements.

Objective 2 – The service

Strategy	
1) Assessing the quality of government service plans and reports	1) The Comm Mem Assem work govern
	2) Au believ the q plan

Performance Plan

s of government fairly present performance

	Targets for fiscal years ending March 31, 2004, 2005 and 2006	Explanation
ts relative our quality of an reports	80%, 85, 90	Ultimately, the outcome we desire is that legislators and the public have faith that they are receiving complete and accurate information about government's overall performance. In the meantime, since government organizations are just starting to report comprehensively on their performance, we are measuring the belief that, over time, the work we do with government, and with standard setting bodies on the national level, improves the quality of service plan reports.
ons improve service	80%, 85, 90	Independent assurance serves the needs of information users. However, independent assessments can help organizations improve the quality of reporting in the first years of performance reporting.

Our Performance Plan

Objective 3 — Legislators are fully informed of the management of key risks associated with government programs and services

Strategy	Measure	Targets for fiscal years ending March 31, 2004, 2005 and 2006	Explanation
1) Assessing the management of risk within government programs and services	1) The Public Accounts Committee and other Members of the Legislative Assembly are satisfied with the relevance of our audit topics	80%, 85, 90	Ultimately, the outcome we desire is that legislators and the public have faith that we are providing timely, relevant and useful information concerning the government's management of risk. The Auditor General is just beginning to canvas legislators, so the 80% baseline is only an estimate.
	2) The Public Accounts Committee and other Members of the Legislative Assembly found our reports sufficiently informative about the risk areas examined	80%, 85, 90	
	3) Key stakeholders are satisfied with the relevance and timeliness of our audit topics and the quality of our reports	80%, 85, 90	
	4) Percentage of recommendations endorsed by the PAC	95%, 95, 95	The Auditor General's reports are reviewed by the Public Accounts Committee (PAC), an all-party committee of the Legislature. Endorsement of our recommendations by the PAC is a key measure of the Legislature's support of the Office's work.

Our Performance Plan

Objective 4 – The Office work meets the needs of legislators and is considered reliable and credible

Strategy	Measure	Targets for fiscal years ending March 31, 2004, 2005 and 2006	Explanation
1) To remain responsive to the needs of legislators and support the standing committees of the Legislative Assembly	1) Legislators believe our work adequately meets their needs and addresses their priorities 2) Legislators believe our work is reliable and credible	80%, 85, 90 80%, 85, 90	The ability of the Auditor General to fulfill his or her mission by offering independent assessments and advice rests on perceptions of his or her relevance and credibility. Relevance is ensured where legislators believe our work meets their needs and addresses their priorities. The credibility of the Auditor General and of the Office, created through independence and by ensuring all work is of the highest standard (detailed measures under Goal 2A).

Our Performance Plan

Goal 2

We are an exemplary organization serving the legislative assembly and the public

A) Our Business: Our work will meet the highest professional and ethical standards

Ensuring our audit approach reflects best practices, is conducted with high ethical standards, and is reported in a timely manner, is key to ensuring the Office's ongoing credibility, as measured under Goal 1.

Objective 1 – Our audit approach reflects best practices

Strategy	Measure	Targets (by year)	Explanation
1) External quality assurance audits by the Institute of Chartered Accountants of British Columbia ICABC	1) Percentage of selected audits meeting practice standards	100%, 100, 100	The Office of the Auditor General is annually certified as a licensed practice office by the Institute of Chartered Accountants of British Columbia. A selection of audit files is reviewed to ensure appropriate standards have been met.

Objective 2 – Our work is conducted efficiently and reported in a timely manner

Strategy	Measure	Targets (by year)	Explanation
1) Complete audits on time and within budget	1) Percentage of audits completed on time and within budget (+/- 5%)	80%, 85, 90	The relevance of our work is related to the timeliness of our reporting; and completing projects within budgets reflects effective utilization of resources.

Our Performance Plan

B) Innovation and Continuous Learning: We will continually seek out new ways to improve our service to the Legislative Assembly. We will invest in our capacity to deliver services now and in the future by keeping abreast of professional developments, investing in our human and IT capital, and becoming an employer of choice.

Ensuring our work meets the highest professional standards is a key element in maintaining the Office's credibility (Goal 2A, Objective 1). For this reason, it is important that we invest in our knowledge of best practices. We also encourage the development of, and investment in, the capacity of our staff to do their jobs better. Legislative auditing requires a unique mix of skills that are not widely available in the marketplace. Consequently, our hiring practices are geared towards acquiring skills we do not possess, and cannot be readily developed in-house. Recognizing the investments already made in current staff, and the ongoing need to attract high performers, we know it is important to maintain our highly skilled workforce by being an employer of choice. Finally, we invest in our technological capacity to support our audit and management activities.

Goal 2

We are an exemplary organization serving the Legislative Assembly and the public

Objective 2 – We have the organizational capacity to complete our work

Strategy	Measure	Targets (by year)	Explanation
1) Our staff competency profiles match our work requirements	1) The percentage fit between our skill sets and skill demands	85%, 90, 95	A high correlation between desired competencies and existing competencies is desirable, although a 100% fit is unlikely because of turnover and changing priorities.

Objective 3 – Be an employer of choice

Strategy	Measure	Targets (by year)	Explanation
1) Obtain feedback from employees about the work environment	1) Work environment engagement score	70%, 70, 75	The engagement score is a compendium of key "Serve, Say, Stay" responses in the biannual work environment survey we conduct, indicating the overall level of employee engagement with the Office and its work. Our intention in the future is to link this measure with measures of productivity and employee turnover.

Our Performance Plan

C) Our Finances: We will maximize the return on taxpayers' investment by conducting our work as efficiently as possible. We will adhere to high standards of financial transparency and accountability.

As the watchdog of government performance for the Legislature and the public, we understand the importance not only of our Office operating efficiently, but also of it being seen to be operating efficiently. We will set a good example by being transparent in our performance, and by having our financial statements and annual report independently assessed.

Objective 1 – Conduct our work efficiently and within budget

Strategy	Measure	Targets (by year)	Explanation
1) Minimize the amount of administration as a percentage of total resources	1) Percentage of our resources (measured in dollars) devoted to audit support	27%, 26, 25	Support activities such as payroll, human resources, IT support and administration are necessary, but are kept to a minimum.
	2) Percentage of audit hours of operational staff charged against annual available hours	78%, 79, 80	This figure is measured as a percentage of total available hours less vacation and other leave. As administrative functions are streamlined, more time should be available for operational staff to perform their work.

Our Financial Plan

	Our Funding (\$ Millions)						
	Actual			Forecast	Planned		
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
ation	\$6.923	6.743	7.897	8.364	7.901	8.864	9.364
s	1.505	1.700	1.788	1.862	1.900	1.900	1.900
	\$8.428	8.443	9.685	10.226	9.801	10.764	11.264
and benefits	6.088	5.945	6.542	6.825	7.091	7.684	8.031
nal services	0.614	0.970	0.964	1.123	1.080	1.474	1.589
depreciation	0.729	0.624	0.635	0.631	0.630	0.625	0.625
	0.270	0.258	0.298	0.354	0.292	0.323	0.338
rt	0.164	0.146	0.130	0.185	0.228	0.185	0.185
	0.350	0.317	0.450	0.433	0.480	0.473	0.496
	8.215	8.260	9.019	9.551	9.801	10.764	11.264
tion returned	\$0.213	0.183	0.667	0.675	-	-	-
ending							
ed	\$0.140	0.258	0.211	0.190	0.190	0.200	0.200
	\$0.133	0.240	0.202	0.185			

2001/02, we received an increase in our appropriation. Originally, the increase was for the appointment of a Commissioner for Environment and Sustainability. In August 2001, the increase was confirmed but was to be used to increase our capacity to examine issues in addition to environmental risks and progress towards sustainability. We did not receive much of that appropriation because we did not begin to strengthen our capacity until we were certain of the funding.

2002/03, we received an increase in our appropriation to address several new challenges emerging from government initiatives. We forecast returning much of that increase because those initiatives did not proceed as we had anticipated.

Recoveries relate to fee-for-service work primarily in attesting to the reliability of the financial statements of private sector organizations through contracts with those organizations on a market-based cost recovery basis. Recoveries include fees charged by us and paid to private sector auditing firms we employ as our agents.

2001/02, our "other" expense increased as we put in place a stronger training program.

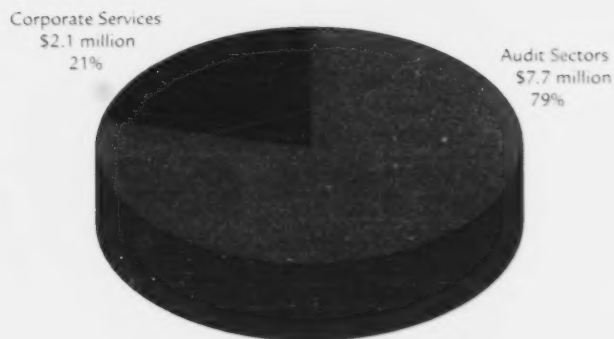
2002/03, our "IT support" expense increased because we now pay the government for financial transaction processing services. In addition software maintenance costs have increased as a percentage of original acquisition costs.

2002/03, the Standing Committee on Finance and Government Services decided to recommend to the Legislative Assembly that our appropriation for 2003-04 be reduced by 5%. This service plan reflects that recommendation. The Committee also advised us to expect a further reduction of 10% in 2004-05 and no further reduction in 2005-06. In this schedule, we show what we proposed to the Committee for both of those years. In November of 2003, we plan to prepare a new funding proposal for consideration by the Committee.

Our Resources by Lines of Business

This chart shows the relative allocation of resources between our audit and support activities. An additional \$600,000, or 6%, is consumed by administrative activities performed by audit staff. We are working to reduce both the total allocation to support activities and the proportion of audit staff time devoted to administration.

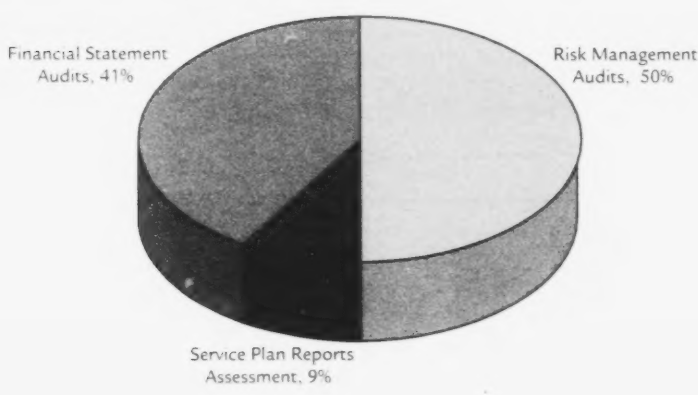
Allocation of funding for fiscal 2003/04,
Office of the Auditor General of British Columbia



Our Resources by Lines of Business

These charts show the overall proportion of operational resources allocated to our three lines of business. As outlined in the description of our lines of business, our overall objective is to devote 40% of resources to financial statement audits, 40% to risk audits, and 20% to audits of service plan reports.

Distribution of fiscal 2003/04 assurance and advisory funding by line of business, Office of the Auditor General of British Columbia



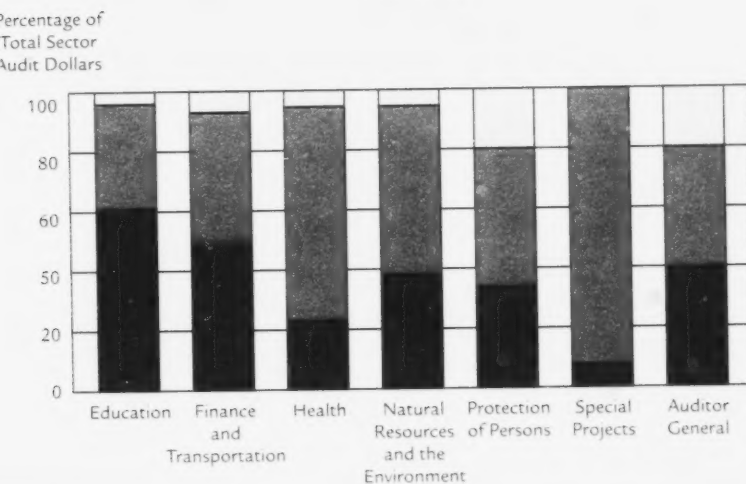
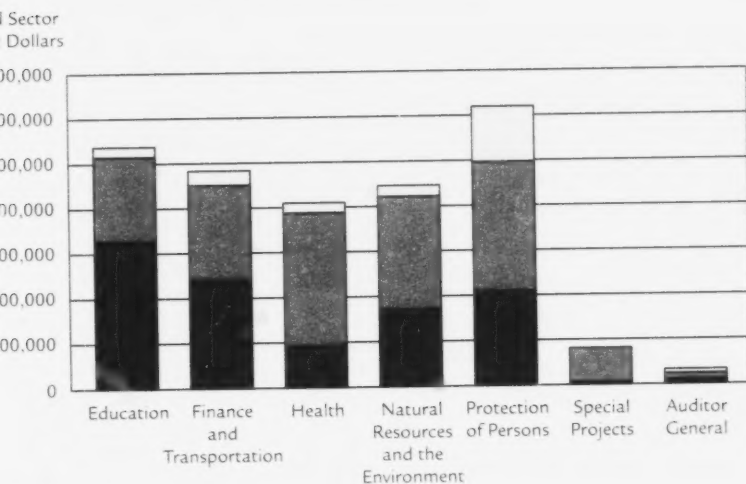
Distribution of planned resources by line of business, fiscal year 2003/04 and our goal, Office of the Auditor General of British Columbia



Our Resources by Lines of Business

These charts show the relative allocation of resources between our audit sectors, and the distribution of resources between lines of business within each sector, in dollar and percentage terms. Each of the five operational sectors receives an approximately equal base allocation, with incremental funding for targeted, office-wide activities. For instance, the Finance and Transportation sector also has responsibility for IT audit, and the Protection of Persons sector also has responsibility for accountability initiatives. Allocations within individual sectors are based on the priorities and risks assessed in each area.

Distribution of Fiscal 2003/04 Audit Dollars by Sector and Line of Business, Office of the Auditor General of British Columbia



Line of Business

■ Financial Statement Audits ■ Risk Management Audits □ Service Plan Reports

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